

Message Text

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ORIGIN XMB-04

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EXIMBANK

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FM SECSTATE WASHDC
TO AMEMBASSY VALLETTA PRIORITY

LIMITED OFFICIAL USE STATE 132166

E.O. 11652: N/A

TAGS: EFIN

SUBJECT:EXIMBANK CLAIM NOS. M-710-X/MTE-7188 AND
C-953-X/S-2729 - OBLIGOR: PHOENIX TEXTILES

REF: VALLETTA 0296

1. EXIMBANK REQUESTS THE U.S. EMBASSY TO DELIVER THE
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FOLLOWING MESSAGE TO THE FOREIGN MINISTRY OR SUCH OTHER
MALTESE GOVERNMENT OFFICIAL AS THE U.S. EMBASSY DEEMS
APPROPRIATE:
2. THE EXPORT IMPORT BANK OF THE UNITED STATES IS IN
RECEIPT OF YOUR NOTES CFA:16/73/US/III OF MARCH 2, 1977
AND CFA 16/73/US/III OF MARCH 28, 1977 REGARDING THE
DEFAULTS BY PHOENIX TEXTILE INDUSTRIES IN PAYMENTS TO ITS
CREDITORS, WHICH WERE TRANSMITTED TO WASHINGTON BY THE
AMERICAN EMBASSY.

3. AS YOU ARE NO DOUBT AWARE, THE LIST OF THE COMPANY'S CREDITORS INCLUDES JAMES LAWRENCE AND CO., WHO SUPPLIED RAW COTTON TO PHOENIX IN THE AMOUNT OF DOLS 99,456, WHICH AMOUNT HAS NOT BEEN PAID, AND LEESONA CORPORATION WHICH FURNISHED TEXTILE MACHINERY IN THE AGGREGATE AMOUNT OF DOLS 155,271.37, OF WHICH DOLS

43,830.24 REMAINS OUTSTANDING. EXIMBANK EXTENDED INSURANCE COVERAGE TO THESE EXPORTERS IN CONNECTION WITH THESE SALES, AND UPON DEFAULT BY PHOENIX, THE EXPORTERS FILED CLAIMS WITH EXIMBANK. THESE CLAIMS WERE HONORED IN DUE COURSE BY EXIMBANK. FOLLOWING PAYMENT, ALL OF THE RIGHTS AND PRIVILEGES, AS WELL AS DRAFTS AND PROMISSORY NOTES, WERE ASSIGNED BY THE EXPORTERS TO EXIMBANK.

4. YOU WILL APPRECIATE, THEREFORE, THAT EXIMBANK IS VITALLY CONCERNED WITH A SATISFACTORY OUTCOME TO THE PROBLEMS THAT HAVE ARISEN AS A RESULT OF THE DEFAULTS BY PHOENIX. SIMILARLY, WE RECOGNIZE THE INTEREST OF YOUR GOVERNMENT IN THIS MATTER. AS YOUR NOTE STATES, IN ORDER TO PROTECT THEIR RIGHTS AND TO MAINTAIN EMPLOYMENT, THE MALTA DEVELOPMENT CORPORATION AND THE BANK OF VALLETTA FIRST RE-OPENED PHOENIX AND THEN ESTABLISHED A NEW COMPANY, MOSTA SPINNING COMPANY, WHICH HAS RENTED THE FACTORY AND MACHINERY OWNED BY PHOENIX.

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5. IN THE BELIEF THAT A FLEXIBLE ATTITUDE WOULD BE MOST HELPFUL TO YOUR GOVERNMENT AND TO US, EXIMBANK IS EXPLORING ALL POSSIBLE AVENUES OF APPROACH. YOUR NOTE HAS PROVIDED US WITH A HELPFUL CLARIFICATION OF THE LIQUIDATION PROCEEDINGS, AND EXIMBANK SHARES YOUR DESIRE FOR THEM TO BE CONDUCTED AS SMOOTHLY AND RAPIDLY AS POSSIBLE.

6. AT THE SAME TIME, IN RECOGNIZING THE INTEREST OF BOTH THE GOVERNMENT OF MALTA AND EXIMBANK IN ARRIVING AT A SATISFACTORY OUTCOME TO THIS MATTER, WE WOULD WELCOME THE OPPORTUNITY FOR DIRECT DISCUSSIONS WITH APPROPRIATE OFFICIALS OF YOUR GOVERNMENT. TO THIS END, WE WOULD BE PLEASED TO SEND A REPRESENTATIVE FROM EXIMBANK TO VALLETTA TO MEET WITH YOU AT A MUTUALLY CONVENIENT TIME.

7. WE LOOK FORWARD TO AN EXPEDITIOUS RESOLUTION OF THE PROBLEMS CAUSED BY THE DEFAULTS OF PHOENIX SO THAT EXIMBANK MAY CONTINUE ITS ACTIVITIES IN SUPPORT OF U.S. EXPORTS TO MALTA. VANCE

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Message Attributes

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